

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Action/Discussion Item:

Declaration of Emergency in Leslie County

Applicable Statute or Regulation:

KRS 160.550

History/Background:

Existing Policy. KRS 160.550 provides that no superintendent shall recommend and no board member shall knowingly vote for an expenditure in excess of the income and revenue of any year, as shown by the budget adopted by the board and approved by the Kentucky Board of Education, except for a purpose for which bonds have been voted or in case of an emergency declared by the Kentucky Board of Education.

School district Annual Financial Reports are due to the Kentucky Department of Education (KDE) on July 25th. Leslie County is expected to report a negative general fund balance of approximately \$100,000 for the year ended June 30, 2006. This is down from a \$1.2 million balance (7.5%) on June 30, 2005.

Much of this deficit is due to Leslie County's purchase and renovation of the Nixon Center athletic complex. This project was not on the district's facility plan and therefore was not eligible for funding from restricted Capital Outlay and Building Fund monies.

In anticipation of this deficit, the district had terminated a number of non-tenured staff. However, those staff members have since been issued letters of reasonable assurance of employment, though the district's 2006-07 Tentative Budget has a contingency of less than 2%, as required by KRS 160.470. The district's long-time superintendent retired June 30th.

According to KRS 160.550, after a declaration of emergency, the approval of the chief state school officer is required for any expenditure, authorization, employment, purchase or contract. The Office of District Support Services will provide on-site staff to ensure all required approvals are secured. Additionally, a Management Audit will be conducted to assist the district in the identification and implementation of fiscally responsible practices. The results of the Management Audit will be presented to the Kentucky Board of Education at the December 2006 meeting.

If a school district is the subject of a declaration of emergency as a result of a deficit budget, pursuant to KRS 160.550, the district must remain in that status until the KBE has approved a budget for the district for a succeeding fiscal year.

Staff Recommendation and Rationale:

Staff recommends enacting the declaration of emergency. The statutory requirements provide no other option.

Impact on Getting to Proficiency:

It would be very difficult for the district to deliver an appropriate education to all students given the financial situation Leslie County is facing.

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Commissioner of Education

Date:

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